

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT SERVICES
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Budget Control 1.0	EFFECTIVE DATE: 9/27/85
TITLE: Administering GPR Annual Appropriation Laws and Year-End Encumbrance Policies	REVISION DATE: 10/31/92
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BACKGROUND

Each year Divisions within Health and Social Services advocate carryover of certain GPR funds not spent by the closing of the state fiscal year. In addition, questions are raised about the requirement to reconcile underspending at year end, and what encumbrances can or cannot be carried into the new fiscal year.

The purpose of this bulletin is to summarize the major policies in existence.

POLICY

The Department of Health and Social Services (through the Bureau of Fiscal Services and the various budget/management offices in each division) has the responsibility to administer the appropriation and accounting statutes and the year-end Department of Administration announcements applicable to GPR balances and encumbrances. These responsibilities are usually communicated via Reconciliation Bulletins from the Bureau of Fiscal Services and should be followed by divisions when reviewing purchase orders, contracts and other GPR commitments issued before July 1.

In addition, the Department of Health and Social Services has, through delegation from Department of Administration, the responsibility to analyze "GPR" lapsing appropriations" to insure:

1. That the appropriation laws and budget policy are enforced;
2. The justifications for carryover balances are documented and within the state accounting regulations;
3. All purchase orders or contracts are submitted to the Secretary of the Department of Administration (or the delegated authority in the agency) for approval as to legality and sufficiency of appropriations before liability is incurred.

After the closing process, Department of Administration and the Legislative Audit Bureau review our application and enforcement of the laws and regulations.

SUMMARY OF APPLICABLE REGULATIONS AND PROCEDURES

1. Expenditures and balances in GPR Annual appropriations must be reconciled at year end, and unencumbered balances "shall revert to the general fund" (s. 20.001 (3) (a) of Wisconsin Statutes). Lapsing amounts must be determined and certified to the Department of Administration each year.

Annual appropriations are expendable only up to the amount shown in the schedule and only for the fiscal year it is made by the Legislature. Management's responsibility in the Division of Management Services and the Divisions is to know what type of appropriations they are administering.

2. Accounts kept by the Department of Health and Social Services shall show the amounts appropriated, allotted, encumbered, the amounts expended, and the amounts unencumbered for each appropriation. [s. 16.52 (3)].
3. If funds from GPR appropriations are legally encumbered, and there are questions about how to reconcile these amounts between fiscal years, the following rules apply:

! Purchase orders and contracts are legal methods of encumbering funds.

! The date of the purchase order or contract governs the fiscal year to which the order or contract is chargeable, unless the Secretary (or designee) determines that the purpose of the contract or order is to prevent the lapsing of appropriations or to otherwise circumvent budgetary intent. [s. 16.52 (6)].

! Encumbrance is defined as follows: Commitments to purchase or contracts to pay, documented by contracts, purchase orders, contract release orders by contract, or printing orders, which are chargeable to an appropriation. They reduce the allotment balance and reserve a like amount for the eventual payment of the purchase.

! Encumbrances which are still outstanding from a previous state fiscal year carried forward to the current state fiscal year (that is being closed out) shall be reviewed by agency officials for the purpose of liquidating all bills and lapsing the unspent amounts. If the agency requests another carryover, justifications must be provided. Funds carried forward from one year to the other are not eligible for use for any purpose other than that it was originally intended for.

! Personal Contractual Services: Encumbrance can be carried forward if 2/3 of the services are provided by June 30 or if the services will be completed between June-August.

! Supplies purchased in excess of normal quantities ordered throughout the year must be justified.

! Orders and contracts not complying with the above and the specific reconciliation bulletins and announcements will be suspended and cancelled unless successfully rejustified, and subsequently approved by the Bureau of Fiscal Services.

Questions not specifically covered above, or interpretation questions, should be forwarded to the Bureau of Fiscal Services, Director's Office.

REFERENCES

Reconciliation Bulletins, DHSS Bureau of Fiscal Services

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